

D.C. Office of Risk Management

Description	FY 2003 Approved	FY 2004 Proposed	% Change
Operating Budget	\$0	\$2,810,472	-

The mission of the D.C. Office of Risk Management (DCORM) is to provide risk identification, analyses, control and financing direction, guidance, and support to District agencies so they can minimize the total cost of risk. This includes the cost of retained losses, risk control costs, net transferred risks, and administrative costs. This is accomplished by systematically identifying and analyzing exposures to risk, selecting and implementing appropriate risk control strategies and prudently financing anticipated and incurred losses into a District-wide risk management program.

DCORM is created within the executive branch of the government of the District of Columbia with direct oversight by the City Administrator. The office is responsible for clarifying understanding of the exposures to risk that represent the possibility of unanticipated loss of resources, faced by the District government, and minimizing the probability, occurrence, and impact of those unanticipated losses. This preservation of physical, human, and financial resources is

accomplished through an integrated matrix of agency-specific and crosscutting strategies to manage risk.

The strategic objectives of DCORM are:

- Institutionalization of risk management as a regular District-wide and agency-specific function.
- Systematization of the identification and analysis of District-wide and agency-specific exposures to risk.
- Minimization of the likelihood and severity of losses through effective safety and security risk control strategies.

Did you know...

DCORM was established according to the Governmental Reorganization Procedures Act of 1981.

Where the Money Comes From

Table RK0-1 shows the sources of funding for the D.C. Office of Risk Management.

Table RK0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change From FY 2003	Percent Change
Local Fund	0	0	0	2,810	2,810	-
Total for General Fund	0	0	0	2,810	2,810	-
Gross Funds	0	0	0	2,810	2,810	-

How the Money is Allocated

Table RK0-2 and 3 show the FY 2004 proposed budget for the agency at the Comptroller Source Group level (Object Class level) and FTEs by fund type.

Table RK0-2

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

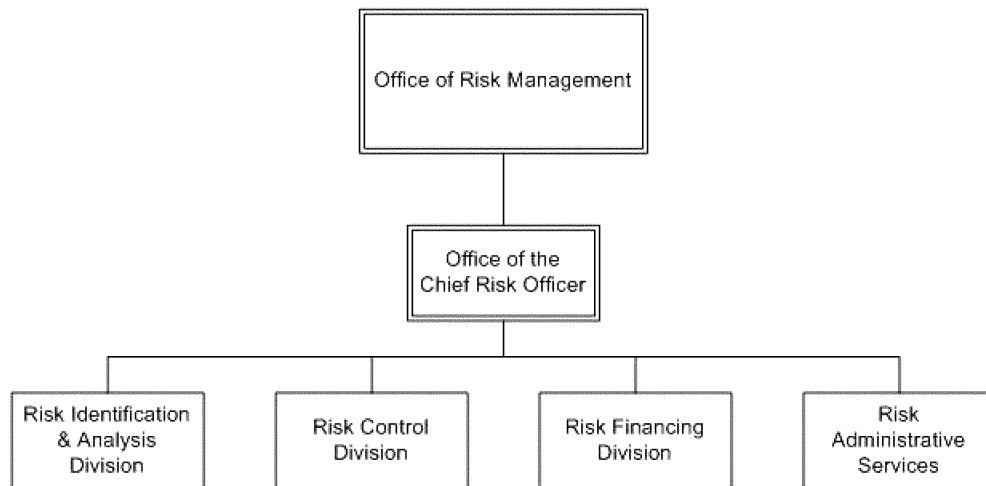
	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
11 Regular Pay - Cont Full Time	0	0	0	1,944	1,944	-
13 Additional Gross Pay	0	0	0	14	14	-
14 Fringe Benefits - Curr Personnel	0	0	0	541	541	-
Subtotal Personal Services (PS)	0	0	0	2,499	2,499	-
20 Supplies and Materials	0	0	0	42	42	-
30 Energy, Comm. and Bldg Rentals	0	0	0	119	119	-
31 Telephone, Telegraph, Telegram, Etc	0	0	0	10	10	-
34 Security Services	0	0	0	20	20	-
40 Other Services and Charges	0	0	0	39	39	-
41 Contractual Services - Other	0	0	0	0	0	-
70 Equipment & Equipment Rental	0	0	0	82	82	-
Subtotal Nonpersonal Services (NPS)	0	0	0	311	311	-
Total Proposed Operating Budget	0	0	0	2,810	2,810	-

Table RK0-3

FY 2004 Full-Time Equivalent Employment Levels

	Actual FY 2001	Actual FY 2002	Approved FY 2003	Proposed FY 2004	Change from FY 2003	Percent Change
General Fund						
Local Fund	0	0	0	42	42	-
Total for General Fund	0	0	0	42	42	-
Total Proposed FTEs	0	0	0	42	42	-

Figure RK0-1

D.C. Office of Risk Management

- Formalization of the philosophy, policies, and procedures for financing identified risks and incurred losses.

Gross Funds

The proposed budget is \$2,810,472, representing a total increase over the FY 2003 budget. There are 42 total FTEs for the agency, representing a total increase from FY 2003. The following agencies contributed to the funding of DCORM:

- The Office of Risk Management in the Office of the City Administrator transferred \$3,115,187 and 14 FTEs.
- The Occupational Safety and Health activity in the Department of Employment Services

transferred \$269,977 and 4 FTEs.

- The Claims Unit Operation in the Office of the Corporation Counsel transferred \$375,308 and 7 FTEs.
- Seventeen FTEs represent new positions.

General Fund

Local Funds. The proposed budget is \$2,810,472, representing a total increase over the FY 2003 approved budget. There are 42 FTEs funded by Local sources, representing a total increase from FY 2003.

Changes that occurred to the FY 2004 budget are:

- A net decrease of \$710,000 and 3 FTEs in

Personal Services reflecting gap-closing measures for FY 2004. The agency originally requested 45 FTEs, the gap closing measure of 3 FTEs reduced the threshold to 42 FTEs.

- A decrease of \$240,000 in Nonpersonal Services reflecting gap-closing measures for FY 2004.

Programs

The following duties and functions will transfer to DCORM in FY 2003: the Office of the Corporation Counsel Claims Unit operations, the District of Columbia public sector Occupational Safety and Health Management Program performed by the Department of Employment Services, the administration of the Settlements and Judgments Fund from the Office of Corporation Counsel, and the District of Columbia Government Employees Disability Compensation program from the Office of the City Administrator. The D.C. Office of Risk Management will operate the following programs:

Office of the Director

The Chief Risk Officer will head the Office of the Director. The purpose of the office is to provide risk management direction, guidance and support to District government agencies so that the agencies can minimize the total cost of risk, resulting in improved government operations and enhanced service delivery. This will be accomplished by integrating agency programs of systematic risk identification and analysis, selecting and implementing appropriate risk control strategies, and prudently financing anticipated and incurred losses, into a District government integrated risk management program.

Risk Identification and Analysis Division

The primary goal of the Risk Identification and Analysis division is to integrate the work of agency risk management representatives who systematically identify, measure, analyze and document the Government of the District of Columbia's exposure to risk, thereby creating a dynamic D.C. risk map that supports definition of efficient and effective risk management strate-

gy. Some key division functions are:

Coordinate and integrate work of Agency Risk Management Representatives including systematic identification, measurement, analysis and documentation of agency/District exposures to risk.

- Create and maintain dynamic District government prioritization risk map based on frequency and severity projections of anticipated losses.
- Coordinate D.C. Risk Management Council agenda and follow-up, including agency director's accountability for performance contract risk management requirements.
- Review and guide agency Risk Assessment and Control Committee activities relative to risk management plans.
- Provide technical risk management expertise in the implementation of risk management plans, especially to agencies with collateral duty risk management representatives.

Risk Control Division

The primary goal of the Risk Control division is to effectively to minimize the probability, frequency, and severity of accidental losses on a pre-loss and post-loss basis through a proactive compliance-monitoring program for safety, security and contingency planning for emergencies, by all D.C. agencies. Some key division functions are:

- Proactive, consultative program for safety, security and contingency planning for emergencies.
- Monitor compliance with risk control deficiency remediation recommendations.
- Detailed loss analysis and related benchmarking and risk control strategy research.
- Agency-specific risk control consultation relative to remediation and mitigation strategies.
- Regular risk control on-site assessments relative to safety, physical security and operational exposures.

Risk Financing Division

The primary goals of the Risk Financing division is to professionally anticipate and plan for fund-

ing loss payments and manage the adjudication of claims and recoveries. Some key division functions are:

- Oversee Claims Bureau management and processes for adjudicating property, liability and disability compensation claims against the District government.
- Review claim summaries and management reports identifying trends and issues for follow-up.
- Cultivate a proactive and cooperative relationship with agencies and Office of Corporation Counsel (OCC) relative to claim management and cost-of-risk allocation factors.
- Develop and implement appropriate risk financing alternative for identified exposures.
- Provide risk management review of contracts, agreements, and leases in order to identify risk management implications.

Risk Administrative Services Division

The primary goal of the Risk Administrative Services division is to enhance service delivery of DCORM through financial, data, technology and office management support services. Some key division functions are:

- Manage Risk Management Information System (RMIS) and related systems, especially Agency System Management Program (ASMP) systems interface.
- Maintains Office of Risk Management (ORM) website.
- Executes cost-of-risk allocation system to agencies.
- Maintains Risk Management Resource Library.
- Coordinates Risk Management Training Institute functions.
- Provides financial and administrative support to ORM including finance, budget, human resource and procurement functions.

Agency Goals and Performance

Measures

Goal 1: Support District agencies so they can minimize the total cost of risk.

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): James Jacobs, Director

Supervisor(s): James Jacobs, Director

Measure 1.1: Percent of industry cost of risk benchmarks including Risk and Insurance Management Society (RIMS) and Public Risk Management Association (PRIMA)

	Fiscal Year		2003	2004	2005
	2001	2002			
Target	N/A	N/A	-	110	105
Actual	N/A	N/A	-	-	-

Note: ORM will set a baseline for this measure during FY 2003.

Measure 1.2: Percent reduction in total cost of risk (as measured by net insurance premiums, retained losses, risk control expenses and administrative costs)

	Fiscal Year		2003	2004	2005
	2001	2002			
Target	N/A	N/A	-	-	-5
Actual	N/A	N/A	-	-	-

Note: ORM will set a baseline for this measure during FY 2004.

